

VZCZCXRO4971
RR RUEHMR RUEHRN
DE RUEHSA #4074/01 2721455
ZNY CCCCC ZZH
R 291455Z SEP 06
FM AMEMBASSY PRETORIA
TO RUEHC/SECSTATE WASHDC 6020
INFO RUCNSAD/SOUTHERN AFRICAN DEVELOPMENT COMMUNITY
RUEHBJ/AMEMBASSY BEIJING 0613
RUEHIL/AMEMBASSY ISLAMABAD 0551
RUEHMO/AMEMBASSY MOSCOW 0625
RUEHNE/AMEMBASSY NEW DELHI 0418
RUEHTN/AMCONSUL CAPE TOWN 3416
RUCNDT/USMISSION USUN NEW YORK 0282
RUEKJCS/SECDEF WASHDC
RHEHNSC/NSC WASHDC
RUEAIIA/CIA WASHINGTON DC
RUEKDIA/DIA WASHINGTON DC

C O N F I D E N T I A L SECTION 01 OF 02 PRETORIA 004074

SIPDIS

SIPDIS

FOR AF/S AND SCA/INS

E.O. 12958: DECL: 09/28/2016

TAGS: [PREL](#) [ETRD](#) [ENRG](#) [IN](#) [SF](#)

SUBJECT: INDIAN PM VISITING SOUTH AFRICA

REF: A. BRASILIA 2021

[1](#)B. PRETORIA 1332

[1](#)C. PRETORIA 2751

[1](#)D. PRETORIA 3659

[1](#)E. CAPE TOWN 293

Classified By: Political Counselor Raymond B. Brown.
Reasons 1.4(b) and (d)

[1](#)1. (C) SUMMARY. Indian PM Singh will visit South Africa September 30 - October 3 to discuss political and economic issues, as well as to commemorate the 100th anniversary of the founding of Gandhi's philosophy of non-violence. South African President Mbeki hopes to deepen his political partnership with Singh and thus advance South Africa's "pro-South" international agenda. The two leaders will also meet with business leaders and seek to expand trade and investment ties. It is not clear whether the U.S.-India Civil Nuclear Cooperation Agreement will be discussed. END SUMMARY.

[1](#)2. (U) The September 30 - October 3 visit of Indian Prime Minister Manmohan Singh is the first of an Indian PM to South Africa in nearly ten years. Singh's visit follows on the heels of his meetings with South African President Thabo Mbeki at the recent IBSA Summit in Brasilia (Ref A) and the Non-Aligned Summit in Havana. Singh will first travel to Durban, KwaZulu Natal -- the home of some 800,000 people of Indian descent -- where he will join President Mbeki in commemorating the 100th anniversary of the founding of Mahatma Gandhi's Satyagraha philosophy of non-violence. (NOTE: Gandhi lived in South Africa from 1893 to 1914. END NOTE.) On October 2, Mbeki will host Singh in Pretoria for bilateral consultations, a meeting with business leaders, and an official dinner in Singh's honor.

Hopes to Deepen Political Cooperation ...

[1](#)3. (SBU) South Africa hopes to use the visit to expand and deepen its "strategic partnership" with India. Mbeki views Singh as a key partner in his efforts to advance a "pro-South" political agenda on the international stage, which includes an expanded UNSC, increased development assistance, and reform of the international financial institution.

¶4. (C) It is not clear whether political discussions will include the SAG's continuing indecision regarding the U.S.-India Civil Nuclear Cooperation Agreement. South Africa has questioned the impact of the initiative on the integrity of the NPT, an issue of great importance to Pretoria (Ref B).

However, India's recent efforts to reach out directly to South Africa, including the May 2006 visit of key DFA nonproliferation expert Abdul Minty to New Delhi, seems to have resulted in a more pragmatic South African approach (Ref C).

... And Expand Trade and Investment

¶5. (SBU) In addition to the political agenda, expanding trade and investment is a key South African goal for the visit. Trade between the two countries has more than doubled since 2002, from Rand 6.9 billion to Rand 14.5 billion (from approximately USD 1 billion to USD 2 billion). Despite this growth, the level of trade remains small in relation to trade with the U.S. and Europe, with India accounting for only 1.4 percent of South Africa's export market. Continued negotiations of a "Free Trade Framework Agreement/Preferential Trade Agreement" is an expected topic of discussion.

¶6. (U) Investment between the two countries is also growing. Indian investments in South Africa include Tata's construction of a USD 103 million ferro-chrome plant at Richard's Bay (which broke ground in August), Tata/VSNL's USD 200 million investment in the second national fixed-line

PRETORIA 00004074 002 OF 002

telecommunications operation, and Apollo Tyres' recent purchase of Dunlop SA. On the South African side, Airports Company of South Africa (ACSA) recently won the contract to upgrade the Mumbai airport, and energy oil company Sasol (coal-to-fuel plant) and beverage company SABMiller are both looking at expanding their investments in India.

¶7. (U) Concurrent with Singh's official visit is the third meeting of the South Africa-India CEOs Business Forum, co-chaired by businessmen Patrice Motsepe and Rattan Tata. The forum seeks to "stimulate trade and investment" between both countries.

Skills Development

¶8. (U) The SAG has identified lack of workforce skills as a key impediment to economic growth, and has sought Indian assistance in "skills acquisition." SAG Deputy President Phumzile Mlambo-Ngcuka -- who is the lead proponent of South Africa's Accelerated and Shared Growth Initiatives (AsgiSA) -- visited India September 9-13 to discuss increased cooperation on this issue, which could include sending South Africans to India for training, as well as bringing Indians to South Africa to provide training. To date, the only concrete example of cooperation is a TATA-sponsored course in India for 16 black South African women.

Defense Relationship

¶9. (U) The South Africa-India defense relationship has been strained by allegations that an agent of the South African parastatal company Denel offered a bribe in an attempt to sell weapons to India. Because of the investigation, India canceled purchases from Denel. Denel denies any wrongdoing.

Comment

¶10. (C) PM Singh's trip to South Africa follows on the heels of the visits of Russian President Putin in early September (Refs D and E) and Chinese Premier Jiabao in June. President Mbeki continues to focus his diplomatic efforts on building alliances with like-minded leaders to advance his ideological "pro-South" political agenda, paying less attention to Pretoria's relationships with the developed "North." India always has had a special connection to South Africa because of the large Indian-origin population in the KwaZulu Natal Province (many of whom played key roles in the anti-apartheid struggle). Despite these historic links, the South African-Indian relationship, while positive, never developed momentum after the end of apartheid like many expected. Mbeki likely views Singh's visit -- coupled with the recent IBSA and NAM Summits -- as a new opportunity to deepen political ties with New Delhi and to generate economic growth through increased trade and investment.

TEITELBAUM